

Calculation of Utilities Expense Level (UEL) Inflation Factor for Calendar Year (CY) 2010

The data for calculating the UEL Inflation factor for CY 2010 is extracted from the Bureau of Labor Statistics (BLS) Consumer Price Index for All Urban Consumers (CPI-U), shown in Table 1. The reporting periods for the operating subsidy calculation run from July 1 to June 30. Using the monthly indices for the 12-month period, an average index is calculated for each of the reporting periods by utility type. Nationally, the weighted change in utility price between the CY 2009 and CY 2010 reporting periods (weighted by the percentage of total public housing spending on utilities by type) was 2.33% (Table 2).

The rate of change in the reporting period (2.33%) is then multiplied by 1.5 to reflect the anticipated rate that PHAs will pay during the funding period. In essence, the funding period lags the reporting period by 18 months (1.5 years). As shown below, this calculation results in a **CY 2010 UEL inflation factor of 3.50%.**

2.33% (weighted rate of change in reporting periods) x 1.5 (18 month lag) = 3.50% (2010 UEL Inflation Factor)

Table 1: Calculation of Inflation Factor by Utility Type Using CPI-U

Reporting Period	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Average Index	Inflation Factor
Water & Sewerage Maintenance														
CY 2009	314.165	315.830	316.390	316.869	318.703	319.460	322.470	324.418	325.023	325.327	326.259	327.152	321.006	
CY 2010	330.693	335.915	336.067	339.437	341.181	341.965	344.374	345.232	346.222	347.420	349.813	350.418	342.395	6.66%
CUUR0000SEHG01	Not Seasonally adjusted													
Electricity														
CY 2009	184.408	184.081	184.365	177.244	173.406	173.357	175.219	174.606	175.639	177.818	182.260	194.434	179.736	
CY 2010	199.068	200.795	198.579	191.513	187.473	188.342	190.471	190.645	190.065	189.007	191.066	199.924	193.079	7.42%
CUUS0000SEHF01	Not Seasonally adjusted													
Utility Gas Service														
CY 2009	219.865	211.181	208.211	209.993	218.791	220.496	220.065	225.808	233.931	244.862	258.374	271.234	228.568	
CY 2010	291.713	272.982	247.788	239.218	235.114	232.548	227.000	218.459	207.179	193.534	182.464	183.979	227.665	-0.39%
CUUS0000SEHF02	Not Seasonally adjusted													
Fuel Oil														
CY 2009	257.111	257.371	265.137	274.111	310.618	319.208	326.483	328.985	363.868	380.632	411.126	447.302	328.496	
CY 2010	451.625	408.493	381.707	339.343	288.406	252.024	238.731	233.018	220.067	223.648	222.165	234.500	291.144	-11.37%
CUUS0000SEHE01	Not Seasonally adjusted													
All Utilities														
CY 2009	206.140	204.334	204.264	200.836	202.161	203.006	204.796	205.795	209.221	213.302	219.881	231.412	208.762	
CY 2010	239.039	235.650	228.450	221.199	216.285	215.184	215.232	213.520	210.501	207.175	206.358	212.677	218.439	4.64%
CUUR0000SAH2	Not Seasonally adjusted													

Table 2: Weighed Average 2010 UEL Inflation Factor

Utility Type	CPI Index Used	% of Total Utility Costs	July 2007-June 2008 CPI Average	July 2008-June 2009 CPI Average	Inflation Factor	Weighted Inflation Factor (% of Total Utility Costs x Inflation Factor)
Water	Water and Sewerage Maintenance	22.0%	321.01	342.39	6.66%	1.47%
Electricity	Electricity	33.0%	179.74	193.08	7.42%	2.45%
Gas	Utility Gas Service	22.0%	228.57	227.66	-0.39%	-0.09%
Fuel	Fuel Oil	16.0%	328.50	291.14	-11.37%	-1.82%
Other Utilities	All Items	7.0%	208.76	218.44	4.64%	0.32%
Weighted Average Inflation Factor						2.33%